



2007 ASSEMBLY BILL 225

March 27, 2007 - Introduced by Representatives SHERIDAN, BENEDICT, BOYLE, HIXSON, TURNER, GARTHWAITE and HRAYCHUCK, cosponsored by Senators ROBSON, ERPENBACH, BRESKE, COGGS, WIRCH, SCHULTZ and HANSEN. Referred to Committee on Jobs and The Economy.

1 **AN ACT** *to renumber and amend* 560.075 (1); *to amend* 20.143 (1) (gm); and
2 *to create* 20.143 (1) (cs), 560.075 (1) (a) and 560.141 of the statutes; **relating**
3 **to:** grants to border counties, to businesses in border counties, and to
4 municipalities in border counties, granting rule-making authority, and making
5 appropriations.

Analysis by the Legislative Reference Bureau

This bill creates a Border Incentive Grant Program (program) administered by the Department of Commerce (department), under which the department is authorized to make two types of grants.

First, under the bill, the department may award a grant to a business in a county on the border with another state (border county) if both of the following apply: 1) the business will begin or expand operations in a border county or relocate to a border county from another state; and 2) the business will create at least 100 full-time jobs with an average wage equal to at least 200 percent of the federal poverty line and that result in a significant capital investment in a municipality located in a border county.

The bill provides that a business may use the proceeds of a grant for working capital, except overhead costs; for fixed asset financing; or for labor training costs (eligible costs). In making grants to businesses, the bill directs the department to consider a number of factors, including whether the project is not likely to occur in this state without a grant under the program.

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Second, under the bill, the department may award a grant to a border county, municipality in a border county (border municipality), or entity involved in administering regional economic development funds (regional development administrator) for reimbursing a business for eligible costs of a project that will create at least 25 jobs in a border county or border municipality that is economically distressed. The bill specifies certain criteria for determining whether a border county or border municipality is distressed, including high unemployment levels or a median income below the statewide average.

Under the bill, a border county, border municipality, or regional development administrator that receives a grant may, after a competitive award process, award the proceeds of a grant to a business for a project in a border county or border municipality if the project is likely to occur in another state without grant funding.

The bill specifies that a business that receives the first type of grant or the proceeds of the second type of grant must agree to contribute at least 25 percent of the cost of the project, spend the grant or grant proceeds in this state, and repay the full amount of a grant or grant proceeds if within five years the business ceases operations in the location of the project. Also under the bill, in the first 18 months of a biennium, the amount of a grant or grant proceeds received by a business, border county, border municipality, or regional development administrator may not exceed 50 percent of the amounts appropriated for grants in the biennium.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

3		2007-08	2008-09
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4 **20.143 Commerce, department of**

5 (1) ECONOMIC AND COMMUNITY DEVELOPMENT

6	(cs) Border incentive grant program	GPR	B	-0-	-0-
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7 **SECTION 2.** 20.143 (1) (cs) of the statutes is created to read:

8 20.143 (1) (cs) *Border incentive grant program.* Biennially, the amounts in the
9 schedule for border incentive grants under s. 560.141.

10 **SECTION 3.** 20.143 (1) (gm) of the statutes is amended to read:

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1 20.143 (1) (gm) *Wisconsin development fund and border incentive grant*
2 *program, administration of grants and loans.* All moneys received from origination
3 fees under s. 560.68 (3) for administering the programs under subch. V of ch. 560 and
4 for the costs of underwriting grants and loans awarded under subch. V of ch. 560, and
5 all moneys received from origination fees under s. 560.141 (4) (b).

6 **SECTION 4.** 560.075 (1) of the statutes is renumbered 560.075 (1) (intro.) and
7 amended to read:

8 560.075 (1) (intro.) In this section, ~~“tax:~~

9 (b) “Tax benefits” means the credits under ss. 71.07 (2dd), (2de), (2di), (2dj),
10 (2dL), (2dm), (2dr), (2ds), (2dx), (3g), and (3t), 71.28 (1dd), (1de), (1di), (1dj), (1dL),
11 (1dm), (1ds), (1dx), (3g), and (3t), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds),
12 (1dx), (3g), and (3t), and 76.636.

13 **SECTION 5.** 560.075 (1) (a) of the statutes is created to read:

14 560.075 (1) (a) “Grant” includes an award of grant proceeds under s. 560.141
15 (3) (b).

16 **SECTION 6.** 560.141 of the statutes is created to read:

17 **560.141 Border incentive grant program. (1) DEFINITIONS.** In this section:

18 (a) “Border county” means a county that is located on the geographic border
19 between this state and another state.

20 (b) “Border municipality” means a city, village, or town located in a border
21 county.

22 (c) “Business” means a private business that is operated for profit.

23 (d) “Eligible costs” means any of the following:

24 1. Working capital, except overhead costs.

25 2. Fixed asset financing.

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1 3. Labor training costs.

2 (e) “Poverty line” has the meaning given in s. 49.001 (5).

3 (f) “Regional development administrator” means an entity that is involved in
4 administering regional economic development funds and that represents a
5 geographic area that includes a border county or border municipality.

6 **(2) GRANTS TO BUSINESSES.** (a) From the appropriation under s. 20.143 (1) (cs),
7 the department may award a grant to a business in a border county for reimbursing
8 eligible costs of a project, if the business will create not less than 100 full-time jobs
9 and any of the following apply:

10 1. The jobs have an average wage of not less than 200 percent of the poverty
11 line.

12 2. The jobs result in a significant capital investment in a border municipality.

13 (b) A business is eligible for a grant under this subsection if the business will
14 begin or expand operations in a border county or relocate to a border county from
15 another state.

16 (c) In determining whether to award a grant under this subsection, the
17 department shall consider all of the following:

18 1. Whether the project is not likely to occur in this state without a grant under
19 this subsection.

20 2. Whether the project serves a public purpose.

21 3. Whether the project will lead to a significant capital investment or will
22 contribute to the economic growth and well-being of the community where the
23 project is located.

24 4. Whether the project will create new jobs.

25 5. Whether the project will displace workers in this state.

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1 6. Whether the business is financially sound.

2 7. Whether the business intends to provide benefits to its employees.

3 8. The anticipated wages the business will offer to its employees.

4 **(3)** GRANTS TO BORDER COUNTIES, BORDER MUNICIPALITIES, AND REGIONAL
5 DEVELOPMENT ADMINISTRATORS. (a) From the appropriation under s. 20.143 (1) (cs),
6 the department may award a grant to a border county, border municipality, or
7 regional development administrator for reimbursing a business for eligible costs of
8 a project that will create not less than 25 jobs, if the project is located in a distressed
9 border county or in a distressed border municipality. For purposes of this paragraph,
10 a border county or border municipality is distressed if any of the following apply:

11 1. The county or municipality has high levels of unemployment.

12 2. The median income for a family of 4 in the county or municipality is below
13 the statewide average.

14 3. Any 2 of the following are true:

15 a. The percentage of residents of the county or municipality who are living in
16 poverty is higher than the statewide average.

17 b. Property values in the county or municipality have declined significantly in
18 the 3-year period immediately preceding the application for a grant under this
19 section.

20 c. A significant number of workers in the county or municipality have been
21 permanently laid off by their employers or public notice has been given of a plant
22 closing or a substantial reduction in force that will result in a significant number of
23 workers in the county or municipality being permanently laid off.

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1 (b) A recipient of a grant under this subsection may distribute the proceeds of
2 the grant only after a competitive award process and only to a business for a project
3 to which all of the following apply:

4 1. The project will occur in a distressed border county or border municipality.

5 2. Without funding from the recipient of a grant under this subsection, the
6 project is likely to occur in another state that borders this state.

7 (c) In distributing the proceeds of a grant under this subsection, a recipient of
8 a grant shall consider the factors specified in sub. (2) (c) 2. to 8.

9 **(4) LIMITATIONS.** (a) A business may not receive a grant under sub. (2) or an
10 award under sub. (3) (b) unless the business enters into an agreement with the
11 department under which the business agrees to do all of the following:

12 1. Contribute matching funds of not less than 25 percent of the total cost of the
13 project and identify the source of the matching funds.

14 2. Spend the proceeds of a grant under sub. (2) or an award under sub. (3) (b)
15 in this state.

16 (b) The amount of grants and grant proceeds awarded to a business, border
17 county, border municipality, or regional development administrator in the first 18
18 months of a biennium may not exceed 50 percent of the amounts in the schedule for
19 that biennium for the appropriation under s. 20.143 (1) (cs).

20 **(5) ADMINISTRATION.** (a) The department shall promulgate rules establishing
21 all of the following:

22 1. Standards and procedures for grant applications.

23 2. Standards and procedures for reporting, auditing, and monitoring of
24 expenditures of grants under this section and awards under sub. (3) (b).

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1 (b) The department may promulgate rules establishing additional eligibility
2 criteria.

3 (c) The department shall annually submit to the chief clerk of each house of the
4 legislature for distribution to the appropriate standing committees under s. 13.172
5 (2), and to the governor, a report that identifies the recipients of grants and grant
6 proceeds under this section, and specifies the jobs created as a result and the average
7 wage of such jobs.

8 (d) The department may collect from a grant recipient an origination fee of up
9 to 2 percent of the amount of a grant if the grant exceeds \$200,000.

10 **SECTION 7. Effective date.**

11 (1) This act takes effect on the day after publication of the 2007-09 biennial
12 budget act.

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(END)